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TO RUEHLO/AMEMBASSY LONDON IMMEDIATE 7850  
RUEHFR/AMEMBASSY PARIS IMMEDIATE 9268  
INFO IRAN COLLECTIVE PRIORITY  
RUEHRL/AMEMBASSY BERLIN PRIORITY 4914  
RUEHBS/USEU BRUSSELS PRIORITY

S E C R E T STATE 060442

SIPDIS

E.O. 12958: DECL: 06/05/2033  
TAGS: [ECON](#) [EFIN](#) [ETTC](#) [KNNP](#) [PARM](#) [PTER](#) [FR](#) [UK](#) [GM](#) [IR](#)  
SUBJECT: PREVENTING ASSET FLIGHT FROM BANK MELLI IN THE EU3

REF: A. STATE 51207 B. BERLIN 664 C. ISLAMABAD 1932 D. LONDON 1452

Classified By: EUR/PRA Office Dir. Anita Freidt for reasons 1.4 b & d

[1](#)1. (U) This is an action request. Please see paragraph 3.

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SUMMARY/BACKGROUND  
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[1](#)2. (S) The U.S. recently shared information with Pakistan, the EU3 and Israel that Bank Melli may be seeking to establish a branch in Pakistan (REF A). We understand (REF B) that the EU designation of Bank Melli and other Iranian individuals and entities will likely not occur until mid-June (REF D). In its response to our demarche, Germany outlined steps it is taking to prevent asset flight from Bank Melli's Hamburg branch (REF B). We would like to ask the UK and France what steps they are taking to ensure that asset flight from Bank Melli's branches in their jurisdictions does not occur prior to the EU's designation.

[1](#)3. (S) Bank Melli maintains the following operations in the UK and France:

- Bank Melli Iran - Paris, France (branch)
- Melli Bank PLC - London, United Kingdom (subsidiary)  
(NOTE: Melli Bank PLC in Hong Kong is a branch of this London subsidiary, and therefore under UK regulatory jurisdiction.)

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OBJECTIVE/ACTION REQUEST  
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[1](#)4. (S/REL UK, FRANCE) Washington requests Posts approach appropriate host government officials in the ministries of foreign affairs and finance to pursue the following objectives:

- Request an update on steps they are taking to prevent asset flight from Bank Melli's branches and subsidiaries in their jurisdictions prior to the EU's designation of Bank Melli.
- Urge France and the UK, if they are not already doing so, to put in place controls to prevent asset flight from Bank Melli's branches and subsidiaries in their jurisdiction. Urge them to ensure, at a minimum, that Bank Melli's branch is prohibited from transferring directly or indirectly funds, capital or assets to Bank Melli Iran or other institutions outside the EU.
- Urge them to consider appointing a permanent supervisor at Bank Melli branches in their jurisdiction, in order to supervise the bank's business activities. Such measures would be consistent with UNSCR 1803, as the nature of Bank Melli's activities suggests that states should take a broad

interpretation of the call for vigilance contained in paragraph 10 of the resolution.

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REPORTING DEADLINE  
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¶5. (U) Post should report results by close of business within seven days of receipt of cable. Please slug replies for ISN, T, Treasury, NEA/IR, IO/PSC, and EUR. Please include SIPDIS in all replies.

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POINT OF CONTACT  
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¶6. (U) Washington point of contact for follow-up information is Michelle New, ISN/CPI, (202) 647-0186, or newml@state.sgov.gov.

¶7. (U) Department thanks Post for its assistance.  
RICE